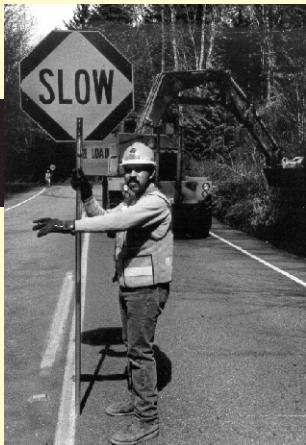


Phase 1 State Agency and Higher Education Edition

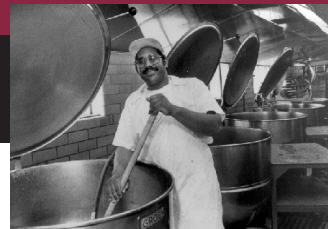


PERS Plan 3 Transfer Decision News

Washington State
Department of Retirement Systems

August 2002

Issue #4



Transfer decision window closes

The Public Employees' Retirement System (PERS) Plan 3 Phase 1 transfer window closes August 31, 2002. If you haven't made your decision, you still have time to take advantage of resources available to help you.

Educational resources

Seminars If you haven't already attended a seminar, there is still time. Both Transfer and Investment

seminars will be held throughout the state until the end of the transfer window. Check out the Web site by clicking on Transfer or Investment Education, and then on seminars to find available dates, locations and online registration. Remember, seminars fill up quickly and space is limited.

On the Web The PERS Journey to Retirement Portal at <http://www.wa.gov/drs/member/pers/2or3> provides access to the Transfer Education, Investment Education and DRS Web sites. See page 4 for more information.

Phone and e-mail support You can also call 888-711-8773 from 5:30 a.m. to 6 p.m., Monday through Friday to speak with a representative. If you call at other times, you can leave a message and a representative will return your call on the following business day. If you prefer, you can e-mail your questions or requests to [pershelp@icmarc.org](mailto:pershelf@icmarc.org). You will receive a response within one business day.

Have you made your decision?

PERS Plan 2

If you have decided to remain in PERS Plan 2, relax - there is no need to fill out any paperwork. Your retirement benefit will continue to be reported in PERS Plan 2.

PERS Plan 3

If you are transferring to PERS Plan 3, you need to fill out two forms, the Member Information Form and the Beneficiary Designation Form. You can find the forms in the back of your *Transfer Decision Booklet*, in the Investment Education materials or on the DRS Web site. Deliver your Member Information Form to your employer prior to August 31, 2002. The Beneficiary Designation Form should be sent to the Department of Retirement Systems (DRS).

Remember, you must be an "active" PERS Plan 2 member to transfer. If you are retired, or if you have separated from eligible service you are not considered an "active" member.

Also, you must have earned service credit in June 2002 to be eligible to earn the transfer payment. This is a legislated change from the previous requirement that you must earn service credit in February 2003.

Phase 1 Transfer Window ends

August 31, 2002

Videos available on the Web

Both the Transfer and Investment Education Videos are available online. Simply visit the PERS Journey to Retirement Portal at <http://www.wa.gov/drs/member/pers/2or3> and follow the links.

Phase 2 Transfer Window

PERS Plan 2 members who are employed by cities, counties and other local government agencies are part of a second transfer window and will have an initial opportunity to transfer to PERS Plan 3 during the Phase 2 transfer window September 1, 2002 through May 31, 2003.

PERS information - did you know?

January transfer opportunity

If you choose to stay in PERS Plan 2, you will have an annual opportunity to transfer to PERS Plan 3 if you earn service credit in January. However, you will not receive the transfer payment or any retroactive gain sharing payments.

The financial modeling software will help you compare plans. The software has been developed to factor in multiple variables and perform the complex calculations needed to project your future benefit in each plan.

PERS Plan 3 payment time line

If you transfer to PERS Plan 3 and are eligible for the transfer payment and retroactive gain sharing, these payments will be applied to your defined contribution account in June 2003.

Future gain sharing payments, if any, will be applied to your defined contribution account in January of even-numbered years. Ongoing gain sharing payments will be based on market performance and the number of service credit years you have by August 31 of the year before the distribution.

PERS Plan 2 follow-up transfer letter

You should have received your PERS Plan 2 follow-up transfer letter in May. This letter includes your actual March 2002 account balance, 110 percent transfer payment, retroactive gain sharing payment and your years of service credit. If you need a copy, please contact DRS to order one. See page 4 for contact information.

Health insurance coverage

If your employer offers continuing health care coverage through the Public Employees Benefits Board (PEBB), then you may be qualified for health care coverage when you retire.

PERS Plan 2 and PERS Plan 3 retirees who wish to continue PEBB coverage can qualify by:

- immediately receiving a retirement benefit, and
- making their health care coverage election within 60 days of retirement.

PERS Plan 3 members can also qualify for health insurance coverage even if they delay receiving their retirement benefit. To qualify for this, members must:

- be at least age 55, and
- have accumulated at least 10 years of service credit, and
- must make their health care coverage election and begin self-paying the premiums within 60 days of separating from employment.

To find out if you are qualified for PEBB benefits, contact your employer. You can also contact the Health Care Authority at 1-800-700-1555, or their Web site at <http://www.wa.gov/hca/pebb.htm>.

How much is my transfer payment?

For state and higher education employees, the transfer payment is equal to 110 percent of your employee contributions and interest in your account as of March 1, 2002.

Your March 1, 2002 balance was provided in the transfer letter sent to you in May 2002. The transfer payment is not calculated from your balance at the time of transfer.

Example:

Gary had \$10,000 in member contributions and interest in his account on March 1, 2002.

He earned service credit in June 2002 and in July 2002 he transferred to PERS Plan 3.

Gary's transfer payment is calculated using his March 1, 2002 account balance.

$$\begin{array}{rcl} \$10,000 \times 110\% = & \$11,000 & \\ & \text{transfer} & \\ & \text{payment} & \end{array}$$

\$11,000 will be added to Gary's account in June 2003 for a total of **\$21,000** in his PERS Plan 3 defined contribution account.

But I didn't work in June!

Earning service credit in June 2002 is one of the requirements to qualify for the transfer payment. If you did not earn service credit in June 2002 because you were on an authorized leave of absence, (including, but not limited to, military service and temporary duty disability) you may be eligible to buy back the service credit for June 2002, and qualify for the transfer payment. Please refer to the *Recovery of Withdrawn or Optional Service Credit* brochure(s) available on the DRS Web site or call DRS for more information. See page 4 for Web address and contact information.

Plan 3 member contribution rates

DRS recently received approval from the Internal Revenue Service (IRS) to provide an annual window for Teachers' Retirement System (TRS) Plan 3 members to change their contribution rates. DRS will seek executive request legislation during the 2003 session to authorize this change in state law. IRS approval of the DRS proposal opens the way for DRS to seek similar IRS approval for School Employees' Retirement System (SERS) Plan 3 and PERS Plan 3 this summer.

The IRS must approve the SERS and PERS Plan 3 requests, and the legislature must enact the executive request legislation before DRS can implement these changes. Given these approvals, the first open window for Plan 3 members to change their contribution rates is anticipated to be January 2004.

Under current state law, a member's choice of contribution rate is irrevocable unless the member changes employers. DRS has received numerous requests

PROPOSED PLAN 3 MEMBER CONTRIBUTION RATES*

	MANDATORY CONTRIBUTION	ADDITIONAL CONTRIBUTION	TOTAL CONTRIBUTION RATE
Option A			
All ages	5%	0.0%	5%
Option B			
Up to age 35	5%	0.0%	5%
Age 35 to 44	5%	1.0%	6%
Age 45 & above	5%	2.5%	7.5%
Option C			
Up to age 35	5%	1.0%	6%
Age 35 to 44	5%	2.5%	7.5%
Age 45 & above	5%	3.5%	8.5%
Option D			
All ages	5%	2.0%	7%
Option E			
All ages	5%	5.0%	10%
Option F			
All ages	5%	10.0%	15%

*This rate table reflects the contribution rates approved by the IRS in DRS' recent TRS Plan 3 proposal. Before the rates can take effect, executive request legislation must pass in the State Legislature. For more information see article at left.

since the inception of TRS Plan 3 in 1996 to provide Plan 3 members with some flexibility to change their contribution rates. DRS worked with the Employee Retirement

Benefits Board (ERBB) to develop a proposal that was submitted to the IRS as part of the formal TRS Plan 3 qualification process.

Under this proposal, an additional contribution rate has been added to the basic rate of 5 percent. This provides members with the flexibility to contribute amounts that will help them achieve their

retirement goals. When added together, the rates equal the six options currently provided to Plan 3 members. See the proposed contribution rate table above.

What to expect in PERS Plan 3

Transfer process

The transfer process begins when you give your Member Information Form to your employer. Your employer will send your transfer request to DRS during their next reporting cycle. Please consult with your employer to determine when your transfer data will be sent to DRS. Next, DRS will send your information to the record keeper. This takes a minimum of two days. The process is finished when the record keeper sends you a "Welcome to PERS Plan 3" letter two days after they receive your data.

Account access online

You can access your account information online at www.icmarc.org/plan3. Account Access allows you to obtain account information, transfer funds, obtain balances, change allocations and order statements.

Voice Response Unit (VRU)

The VRU lets you make account changes and obtain account information the same as online Account Access. For security, the first time you call you will create a personal identification number (PIN) which you will re-use when you call in the future. All you need is a touch-tone phone. The phone number is 888-711-8773.

Quarterly statements

PERS Plan 3 quarterly statements are mailed to your home. If you chose the Self-Directed Investment Program, statements were mailed July 9, 2002. Statements for Washington State Investment Board (WSIB) Investment Program members will be mailed August 14, 2002.

In addition to your quarterly defined contribution statement, you will continue to receive an annual statement from DRS that shows your defined benefit service credit.

PERS Plan 3 Transfer Decision News is published by the Washington State Department of Retirement Systems.

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Local callers 360-664-7000
TDD line 360-586-5450

DRS Internet address:

www.wa.gov/DRS/drs.htm

Member e-mail contact:

recep@drs.wa.gov

If you did not receive previous editions of *PERS Plan 3 Transfer Decision News*, contact the editor at (360) 664-7934.

Who can you call with transfer decision questions?

Your Decision

Your transfer decision is a personal choice that only you can make. Another person's decision may not be the right decision for you. Study the resources available, attend a transfer education seminar, use the financial modeling software, call or e-mail the support center with your questions.

See the guide to the right to learn who to call with your PERS Plan 3 questions.

Alternate formats

PERS Plan 3 materials are available in alternative formats, such as Braille, to system members. For more information, contact the editor at (360) 664-7934

DRS (360) 664-7000 or 800-547-6657

Call this number if you have questions about:

- Defined benefit
- Service credit
- Bill payments
- Beneficiary information
- Defined benefit related to PERS Plan 3 publications, such as PERS Plan 2 and 3 Member Handbooks, newsletters or brochures.
- Transfer letter

Phone Support Center and E-mail 888-711-8773 pershelp@icmarc.org

Use this number for questions about:

- Investment funds
- Investment education seminars
- Transfer decision seminars
- Financial Modeling Software
- Quarterly statements
- Plan 3 forms
- Defined contribution related to PERS Plan 3 publications/brochures
- Transferring money between Self-Directed funds
- Changing your Self-Directed allocation
- Transferring existing money from WSIB to Self Directed or Self-Directed to WSIB
- Account balance
- Fund administration fees
- Status of withdrawal requests
- Tax withholding related to withdrawals

PERS Journey to Retirement Portal:

<http://www.wa.gov/drs/member/pers/2or3>

The Transfer Education Web site, Investment Education Web site, and access to the DRS Web site are all available through the PERS Journey to Retirement Portal.

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Update your address
with your employer

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